segue
RESOURCES LTD

ABN 49 112 609 846

ANNUAL FINANCIAL REPORT
30 JUNE 2016

Directors

Steven Michael	Managing Director & Chief Executive Officer
Frazer Tabeart	Non-Executive Director
Nicholas Ong	Non-Executive Director

Company Secretary

Matthew Foy

Registered Office

Unit 16, 40 St Quentin Avenue
Claremont WA 6010

Telephone:	(08) 9383 3330
Facsimile:	(08) 9486 4799
Email:	info@segueresources.com

Auditors

Pitcher Partners Corporate & Audit (WA) Pty Ltd
Level 1
914 Hay Street
Perth WA 6000

Bankers

ANZ Banking Group Limited
32 St Quentin Avenue
Claremont WA 6010

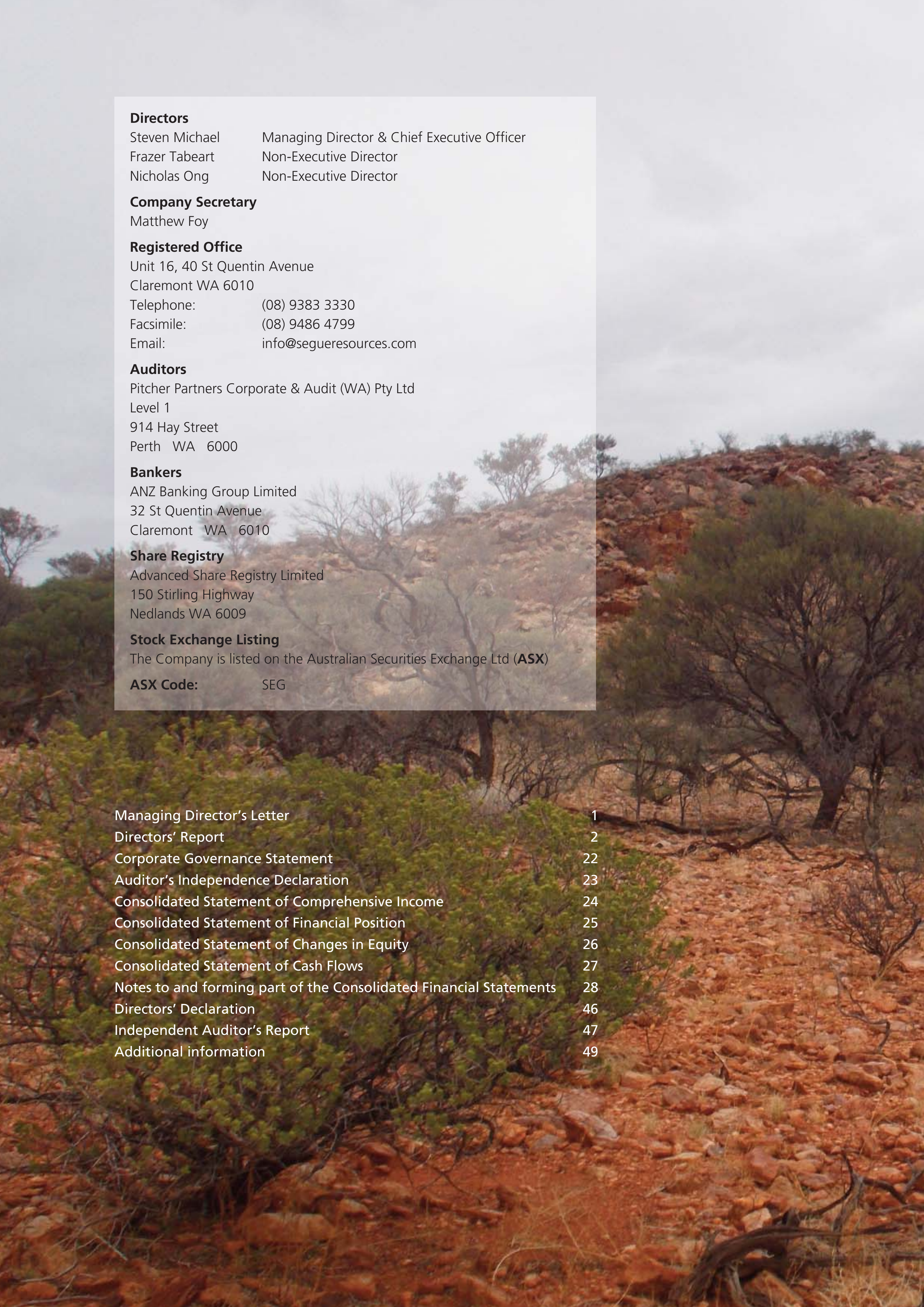
Share Registry

Advanced Share Registry Limited
150 Stirling Highway
Nedlands WA 6009

Stock Exchange Listing

The Company is listed on the Australian Securities Exchange Ltd (**ASX**)

ASX Code: SEG



Managing Director's Letter

Dear Shareholder,

On behalf of your Directors, I am pleased to present the Company's 2016 Annual Report and Financial Statements.

During the 2015/16 financial year, Segue has emerged as a multi-commodity exploration company, with nickel, gold and lithium projects in Western Australia. Early in the financial year, Segue completed the largest farm-out joint venture in the Fraser Range, with MMG Exploration Pty Ltd, a wholly-owned subsidiary of international mining company, MMG Limited. The Plumridge Nickel JV has allowed Segue to focus on its other exploration assets and also expand its exploration portfolio with the addition of the Gascoyne Lithium Project.

The Plumridge Nickel Project is one of the largest and most prospective nickel exploration areas in the Fraser Range Province of Western Australia. During the year, MMG Exploration completed a project-wide detailed gravity survey which significantly enhanced the survey completed by Segue in 2014/15. MMG Exploration has integrated the gravity survey with aeromagnetic and drilling data to generate a suite of over 30 target areas. A ground moving-loop electro-magnetic survey to test the target areas is currently underway with results of the survey expected by the end of 2016.

During the year, Segue acquired a major tenement position in the Gascoyne Region, approximately 250km east of Carnarvon. An initial rock chip sampling programme confirmed a particular suite of granitic intrusions (Thirty Three Supersuite) is highly fertile and holds the potential to form lithium-caesium-tantalum deposits. On the back of the initial exploration results, Segue increased its land position at the Gascoyne Lithium Project to over 1,100km^2, with five tenements owned 100% by Segue and one tenement subject to a farm-in joint venture (Segue earning 50%).

Following the end of the year, Segue undertook its first drilling programme at the Plumridge Gold Project. The aircore programme was designed to test a zone of structural complexity which may provide a trap for mineralisation. Several holes intersected anomalous gold (+10ppb Au) in adjacent holes and across adjoining drill traverses[1]. The Company will undertake a follow up drilling programme in late 2016 on the two gold zones identified from the current drill programme and also several untested gold anomalies from drilling programmes by previous tenement owners.

Segue's strategy is to provide shareholders with exposure to multiple commodities and a portfolio of assets at different stages of exploration. I believe the Board and management of Segue has achieved this aim through the Plumridge Nickel, Gascoyne Lithium and Plumridge Gold Projects. The Company now has a mixture of nickel, lithium and gold exploration assets across Western Australia, from grassroots at the Gascoyne Lithium Project to late stage exploration at the Plumridge Nickel Project.

While equity markets have remained difficult for junior exploration companies, Segue has managed to raise nearly $1.5 million through a Share Purchase Plan in July 2015 and from various placements throughout the year. Segue has ended the year in a robust position, with several high quality exploration assets and sufficient capital to undertake meaningful exploration campaigns at each of its projects during the coming financial year. I would like to thank Segue's shareholders for continuing to support the Company and look forward to advancing our lithium, gold and nickel assets.

Steven Michael
Managing Director

Segue Resources Ltd

1 refer ASX Announcement dated 7 September 2016

Your directors submit their report for the year ended 30 June 2016.

DIRECTORS AND MANAGEMENT

The names of Segue Resources Limited's (**Segue** or the **Company**) directors that held office during the year and until the date of this report are as below. Directors were in office for this entire period.

Mr Steven Michael	Managing Director and Chief Executive Officer
Dr Frazer Tabeart	Non-Executive Director
Mr Nicholas Ong	Non-Executive Director

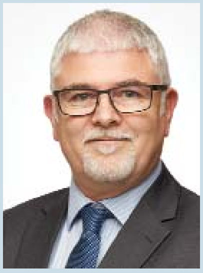
Mr Steven Michael – Managing Director and Chief Executive Officer

Mr Michael has extensive experience in the global resources sector specialising in corporate finance and equity capital markets. He has over 20 years' experience in natural resources with RBC Capital Markets, Macquarie Bank and NM Rothschild & Sons.

Mr Michael holds a B.Com, is a Member of the Institute of Chartered Accountants in Australia and is a member of the Australia Institute of Company Directors.

Other current directorships
Nil.

Former directorships in last 3 years
Nil.



Dr Charles (Frazer) Tabeart – Non-Executive Director

Dr Tabeart is a graduate of the Royal School of Mines with a PhD and Honours in Mining Geology. He has over 25 years' experience in international exploration and mining projects, including 16 years with WMC Resources and 9 years with the Mitchell River Group of Companies. Whilst at WMC, Dr Tabeart managed Cu-Au and Ni-Cu exploration portfolios in the Philippines, Mongolia and southern Africa. At Mitchell River Group, Dr Tabeart has led African Energy Resources through the discovery and acquisition of several coal and uranium deposits in Botswana and Zambia, building a portfolio comprising 8.7 billion tonnes of thermal coal.

Dr Tabeart is a member of the Australian Institute of Geoscientists and a member of the Society of Economic Geologists.

Other current directorships

Dr Tabeart is currently Managing Director of African Energy Resources Limited, an ASX listed power development and generation company, Director of Mitchell River Group (a private project generation and development company) and principal of Geogen Consulting Pty Ltd, a consultant to the minerals industry.

Former directorships in last 3 years
Nil.

Mr Nicholas Ong – Non-Executive Director

Mr Ong was a Principal Adviser at the ASX in Perth and brings ten years' experience in listing rules compliance and corporate governance to the board. Mr Ong was an active member of the ASX JORC Group and has overseen the admission of in excess of 100 companies to the official list of the ASX.

Mr Ong is a member of Governance Institute Australia and has a MBA from the University of Western Australia.

Other current directorships

Mr Ong is Non-Executive Chairman of Coassets Limited.

Former directorships in last 3 years

Executive Director of ASX-listed Excelsior Gold Limited, Non-Executive Director of Auroch Minerals Ltd, MSM Corporation Limited and Fraser Range Metals Group Limited.

Matthew Foy – Company Secretary

Mr. Foy was previously a Senior Adviser at the ASX, has nine years' experience in facilitating the compliance of listed companies. Mr. Foy is a qualified Chartered Secretary and has reviewed and approved the listing of over 40 companies during his tenure at the ASX. Mr. Foy is also Company Secretary of ASX-listed Protean Wave Energy Limited, Frontier Resources Limited, Datetix Limited, XTD Limited and Auroch Minerals Limited.

Mr Foy is a member of Governance Institute Australia, has a Graduate Diploma (Applied Finance) from FINSIA and a B.Com from the University of Western Australia.

Auditor

Mr Paul Mulligan is the signing partner for Segue Resources Limited. Mr Mulligan is an Executive Director of Pitcher Partners Corporate & Audit (WA) Pty Ltd who continue in office in accordance with Section 327 of the Corporations Act 2001.

Principal Activities

The principal activities of the Company during the year were mineral exploration, identification of potential mining assets for acquisition and development, and raising capital to fund those opportunities.

There were no significant changes in the nature of the Company's principal activities during the year.

REVIEW OF OPERATIONS

During the year ended 30 June 2016, Segue completed several farm-in and farm-out joint ventures, with significant exploration being undertaken on all five exploration projects around Western Australia (**Figure 1**).

At the Plumridge Nickel Project, in the Fraser Range Province, Segue entered into a farm-out joint venture with a wholly-owned subsidiary of international resources company MMG Limited over eight tenements covering 2,250km^2.

Segue retains a 100% interest in three exploration licences in the Fraser Range which are highly prospective for gold mineralisation. The Company has recently completed an aircore drilling programme which has confirmed the exploration potential of this project.

Figure 1: Project location map

During the year, Segue entered into an option and purchase agreement to acquire 100% of the share capital of Next Advancements Pty Ltd, which owns three exploration licence applications prospective for tantalum-lithium minerals covering approximately 220km^2 at Morrissey Hill in the Gascoyne region of Western Australia. In addition, the Company increased its exploration tenement holding at the Gascoyne Lithium Project by applying for two exploration licences and entering into a farm-in joint venture with Zeus Resources Limited (ASX:ZEU). The joint venture covers granted exploration licence E09/1618 which is along strike from the tenements held by Next Advancements Pty Ltd.

The Company entered into a farm-out joint venture with Omni GeoX Pty Ltd over the Company's Deralinya Nickel Project in the southern portion of the Fraser Range Province, adjacent to the Mt Ridley Nickel Project.

At the Pardoo Nickel Project, Segue entered into a farm-out joint venture with Caeneus Minerals Ltd (ASX: CAD).

Plumridge Nickel Project – Fraser Range Province, Western Australia

(Segue 100%, MMG earning up to 70%)

Segue has continued to explore, expand and consolidate its exploration tenement package at the Plumridge Nickel Project, with the Company having an interest in over 2,250km^2 of contiguous exploration licences covering a large extent of the northern Fraser Range and the gravity high corridor. The Project is highly prospective for massive nickel-copper sulphide deposits, similar to the Nova-Bollinger deposit which was discovered in July 2012 by Sirius Resources NL (**Sirius**). Sirius was acquired this year by Independence Group NL for $1.8 billion.

In September 2015, Segue entered into the Plumridge Nickel Joint Venture (**Plumridge Nickel JV**) with MMG Exploration Pty Ltd (**MMG**), a wholly-owned subsidiary of international resources company, MMG Limited (HKEx: 1208, ASX: MMG). Under the Plumridge Nickel JV, MMG can earn an initial 51% interest in eight exploration licences through the expenditure of $6.5m by 31 December 2019, including $1.5m to be spent before 31 December 2016 (**Stage 1**). Once MMG has met the Stage 1 requirements, MMG can elect to increase its interest to 70% through the additional expenditure of $7.5m within two years (**Stage 2**). MMG must maintain all tenements in good standing during both Stage 1 and Stage 2.

The Joint Venture agreement contains standard provisions, including contributions in proportion to equity holdings, dilution and pre-emptive rights. If either Segue or MMG's joint venture interest dilutes to less than 10% then that party's interest will convert to a 1.5% NSR royalty.

During the year, MMG completed a high resolution in-fill gravity survey over all of the Plumridge Nickel JV tenements. The gravity survey consisted of over 16,000 stations on a 400m x 200m grid, to increase the gravity data coverage from the 1,600m x 100m gravity survey completed by Segue in 2015. The detailed gravity survey provides a significant increase in data resolution across the majority of the Plumridge Nickel JV area.

MMG combined the newly acquired gravity data with existing datasets, including regional magnetics, drilling and geochemistry to identify potential nickel-copper sulphide bearing mafic-ultramafic intrusions. In June 2016, MMG commenced a detailed Ground Moving Loop Electromagnetic (**MLEM**) survey to test an initial portfolio of at least 10 target areas (**Figure 2**) for a conductive response, i.e. direct detection of potential massive Ni Cu sulphides.

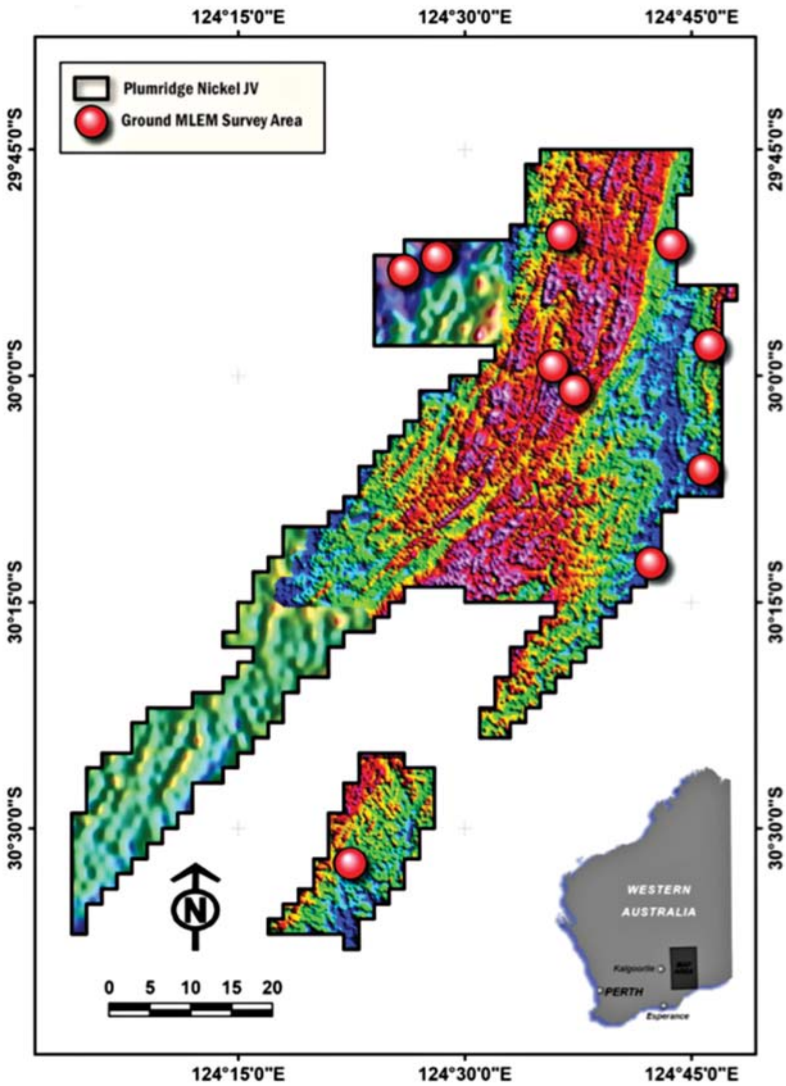


Figure 2: Plumridge Nickel Project showing 1VD gravity image with MLEM targets

Plumridge Gold Project – Fraser Range Province, Western Australia

(Segue 100%)

Segue has a 100% interest in three exploration licences immediately to the west of the Plumridge Nickel Project. Exploration by previous tenement owners has identified a significantly mineralised shear zone, the Harris Lake Shear Zone (**HLSZ**), which is visible on magnetic imagery and which runs north-south through tenements E39/1117 and E39/1118. Historical exploration focused predominantly on a 12km semi-continuous zone of gold endowment at the northern end of the HLSZ, which contains the Corvette, Stingray, Mustang and Camaro gold prospects. Drilling at Corvette and Stingray intersected significant gold mineralisation in narrow, high-grade veins, including 4m @ 32g/t, 13m @ 6.7g/t and 4.5m @ 10.2g/t[2].

The southern extent of the HLSZ has undergone minimal gold exploration as the structure is overlain by the post-mineralisation Paterson Formation (up to 30m thick), rendering previous shallow auger sampling of little exploration value. Of the approximately 165,000m of drilling (19,200 holes) at the Plumridge Gold Project, less than 5% of drilling has been conducted on the southern extent of the HLSZ.

Segue reprocessed the historic magnetic data and incorporated the gravity survey data to gain a better understanding of the southern extent of the HLSZ under the Paterson Formation. The southern extent of the HLSZ contains a zone of unique complexity where the shear zone is crossed by a regional structural corridor and may represent an antiformal fold that forms a trap for mineralisation. In mid-July 2016, Segue completed a 3,147m aircore drilling programme consisting of 57 holes across five traverses at the southern extent of the HLSZ (**Figure 3**).

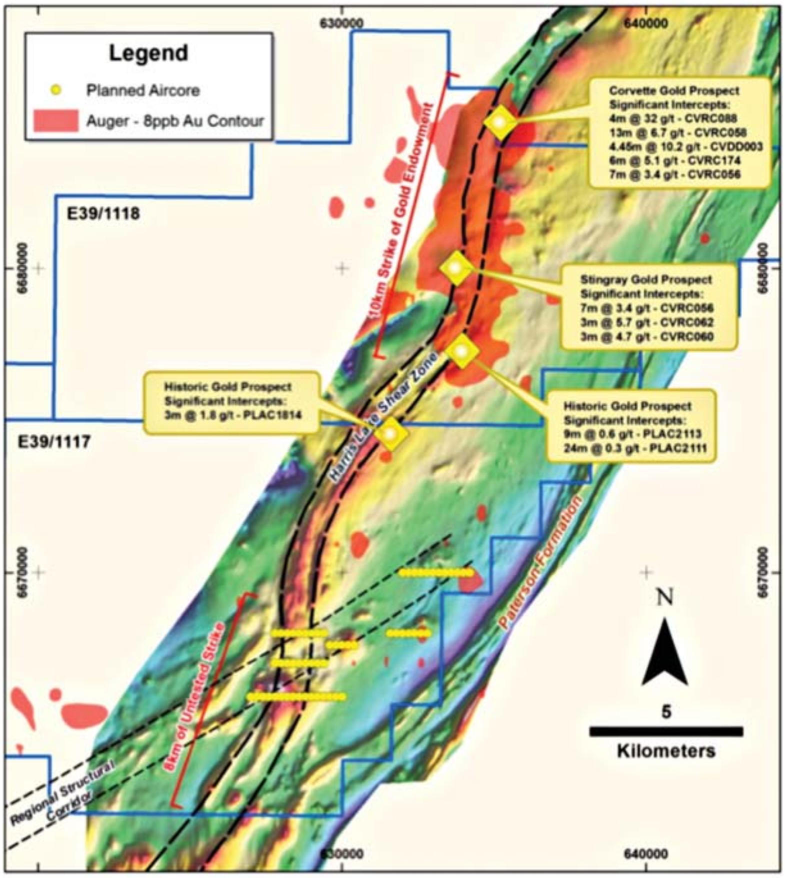


Figure 3: Plumridge Gold detailed drilling plan

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2 refer ASX Announcement dated 7 July 2016

Ten drill holes returned anomalous gold assays (+10ppb Au) across adjacent holes and traverses with the best result, from hole PLSAC008, intersecting 116ppb Au, which is in the 99th percentile of all gold intersected in over 90,000m of historical aircore drilling at the Plumridge Gold Project. Two priority targets have been identified with anomalous gold in adjacent holes, coincident with the Corvette and Stingray Trends and magnetic anomalies (**Figure 4**)[3].

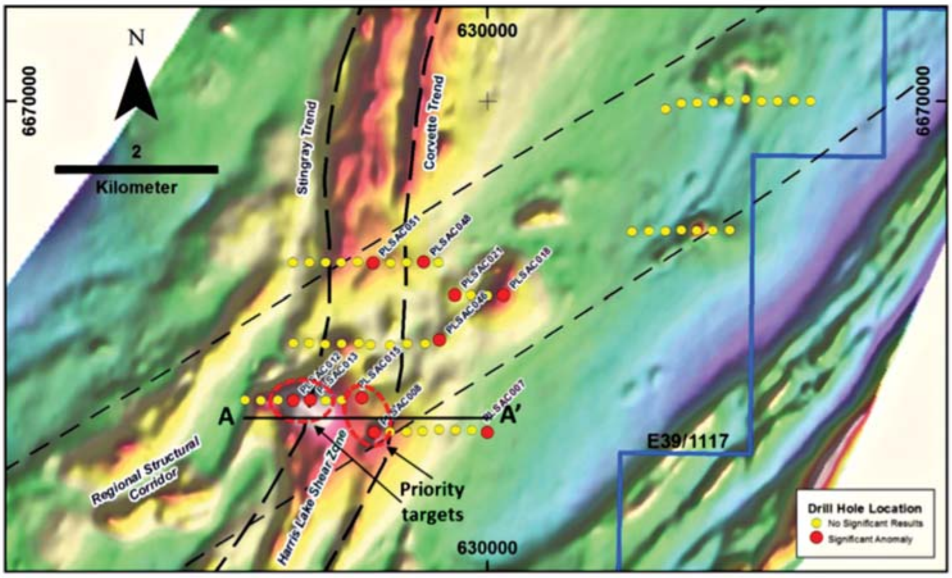


Figure 4: Aircore drill collar locations

Drilling intersected 14 - 71m of cover which consisted of Quaternary sands, Tertiary sediments and the Permian-aged Paterson Formation. The thick cover sequence, which contains iron cemented sands and black shales (**Figure 5**), has limited the supergene dispersion of gold. As a result, historic auger sampling was ineffective in adequately testing this area. Segue's aircore drilling results have confirmed the extensions of both the Stingray and Corvette trends within the Harris Lake Shear zone.

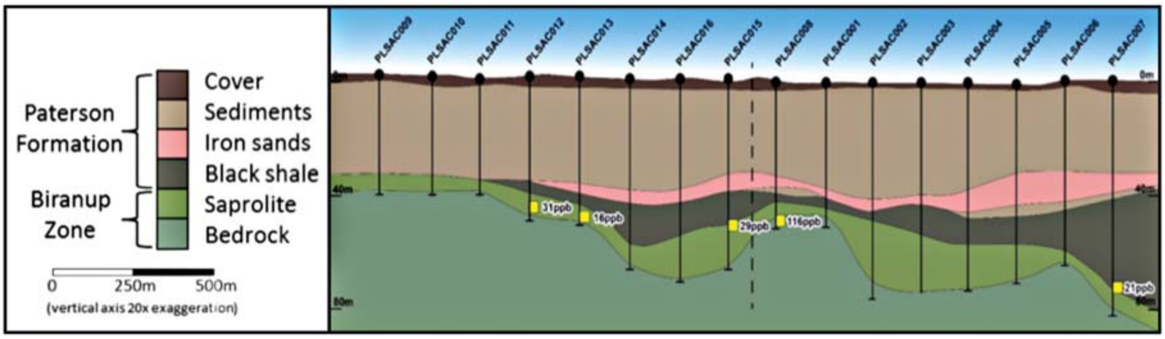


Figure 5: Plumridge Gold cross section A-A'

In addition to the aircore drilling programme, Segue has reviewed all historical exploration along the northern portion of the Harris Lake Shear Zone in order to identify and rank priority targets on exploration licences E39/1117 and E39/1118. Multiple exploration targets still exist within the Corvette-Mustang-Stingray area, with previous aircore drilling defining significant gold anomalism within the regolith. These targets, along with the priority targets identified in the aircore drilling programme, will be drill-tested by the end of 2016.

3 refer ASX Announcement dated 7 September 2016

Gascoyne Lithium Project – Gascoyne Region, Western Australia

(Mortimer Hills JV - Segue earning 50%; Gascoyne Lithium Project - Segue 100%)

During the year, Segue acquired a major tenement position in the Gascoyne region of Western Australia, covering over 1,100km^2 of exploration licences that are highly prospective for tantalum-lithium minerals (**Figure 6**). Segue has gained this position through 100%-owned tenement applications, the acquisition of a private company, Next Advancements Pty Ltd, and a joint venture with ASX-listed Zeus Resources Limited (**Zeus**) covering tenement E09/1618 (**Mortimer Hills JV**). Segue is the largest lithium explorer in this province and tenement E09/1618 is the only granted exploration licence currently being explored for lithium minerals.

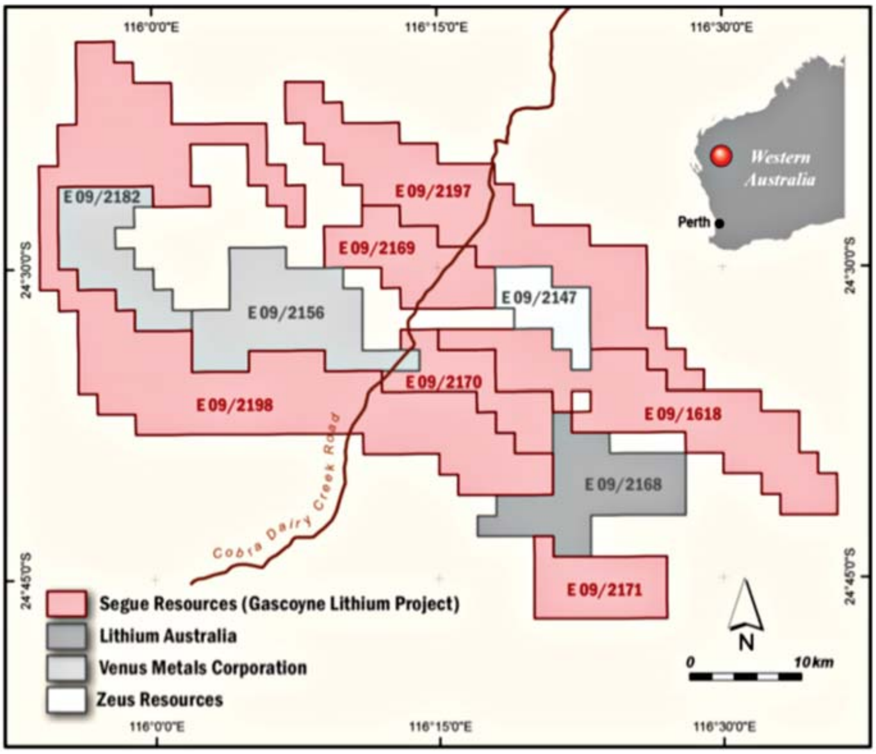


Figure 6: Gascoyne Lithium Project tenement location map

The Gascoyne Lithium Project is prospective for tantalum-lithium deposits, with several granitic intrusions identified as the potential source rock for LCT (Lithium-Caesium-Tantalum) rare-earth pegmatites. The Project area contains three main suites of granitic intrusions - Moorarie Supersuite (c1830-1780 Ma), Durlacher Supersuite (c1680-1620 Ma) and Thirty Three Supersuite (c995-954 Ma).

During the period, Segue completed a field work and surface sampling programme, with rock chip samples collected to determine which granitic suites were fertile and held the potential to form lithium deposits. Key indicators of fertile granites useful in exploration include:

- Mg/Li ratios <50;
- Nb/Ta ratios <8; and
- Contain garnet, tourmaline and flourapatite/cordierite characteristic of peraluminous granite.

Segue has identified several intrusive bodies in the north of the Project area which are unequivocally "fertile", with Mg/Li ratios less than 10, Nb/Ta ratios less than 8 and most rock chips containing garnets and/or tourmaline (**Figure 7**). The samples also show fertile fractionation trends within the Thirty Three Supersuite. The older Moorarie and Durlacher Supersuites do not appear to be fertile for lithium-bearing minerals.

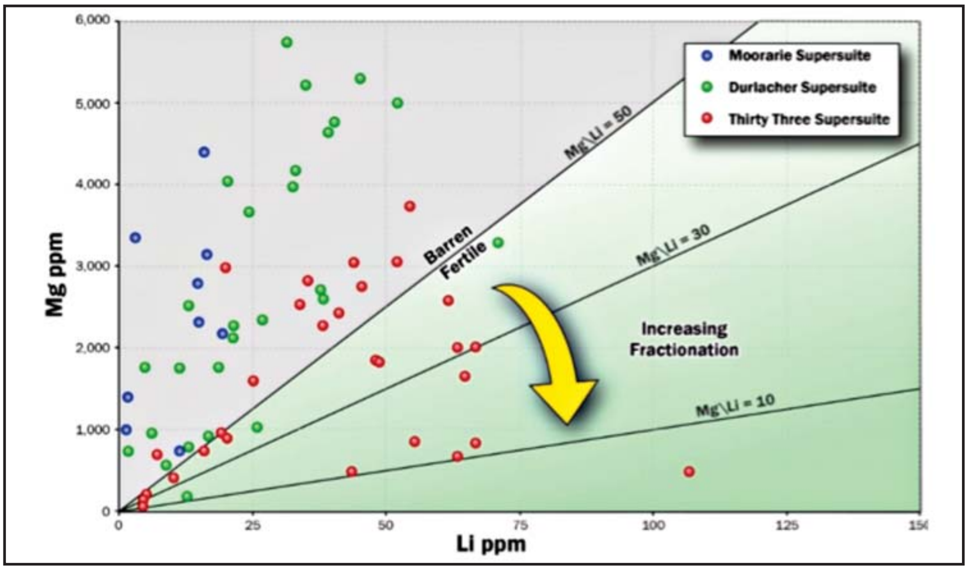


Figure 7: Mg/Li ratio of rock chip samples showing fractionation and fertility

The Mg/Li ratios from the Thirty Three Supersuite have been compared to similar data for North Pilbara lithium deposits (including Wodgina) and the Tanco pegmatite in Manitoba, Canada (**Figure 8**). The Thirty Three Supersuite displays the same range of fractionation from barren to highly fractionated as the known lithium deposits. This demonstrates the fertility of the Project to contain lithium-bearing minerals.

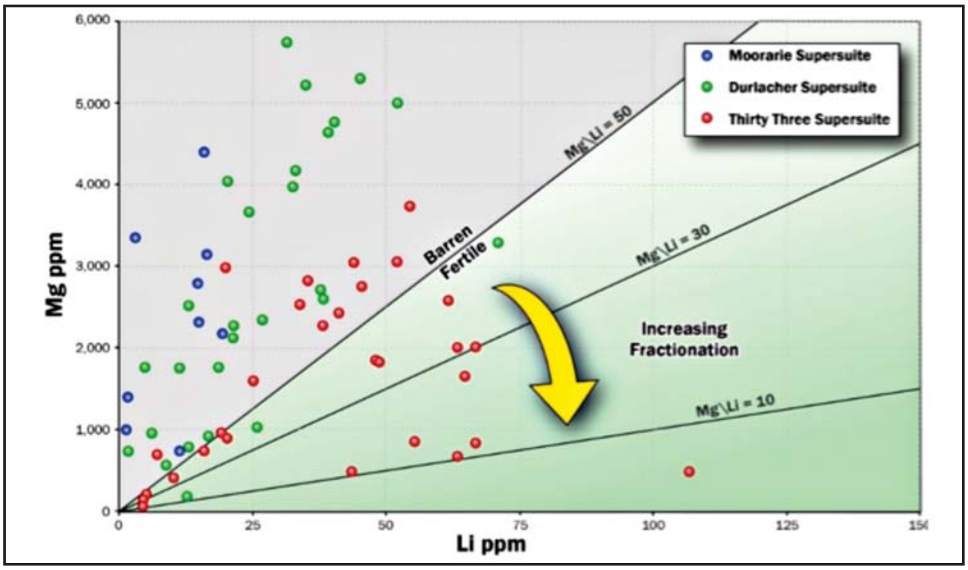


Figure 8: Mg/Li ratio comparison of the Thirty Three Supersuite with known lithium deposits

The next stage of exploration at the Project, which is scheduled for September 2016, has been designed to:

- Continue to define and refine the locations of fertile intrusions;
- Confirm the direction of fractionation; and
- Locate highly fractionated pegmatites for drill testing.

Segue will undertake litho-geochemical analysis of granitic intrusions, project and prospect scale mapping and a systematic surface sampling (gridded soil sampling) program. The project area is highly amenable to this type of programme due to its predominantly residual soil and sub-cropping rocky natures.

Pardoo Nickel Project – Pilbara Region, Western Australia

(Segue 100%, Caeneus earning up to 80%)

The Pardoo Nickel Project is located 100km east of Port Hedland in the Pilbara Region. The Project is prospective for magmatic nickel-copper sulphides and contains an inferred resource of 44.7mt @ 0.3% Ni & 0.13% Cu at the sedimentary hosted Highway Deposit (**Table 1**). The exploration model is that the source of the nickel and copper mineralisation at Highway was derived from what is interpreted to be a large scale mafic-ultramafic intrusive complex to the north of the Pardoo Fault.

In August 2015, Segue signed a Farm-in and Joint Venture Agreement (**Agreement**) with a subsidiary of ASX-listed Caeneus Minerals Limited (ASX: CAD) (**Caeneus**) over the Pardoo Nickel Project. The key points to the Agreement are:

- Segue received a non-refundable fee of $50,000 within 60 days of signing the initial Term Sheet;
- Caeneus can acquire a 51% interest in the Project by spending $250,000 on exploration within 12 months of signing the Agreement (**Stage 1 Interest**);
- Caeneus can acquire an additional 29% interest in the Project (increasing its interest to 80%) by spending a further $250,000 on exploration by no later than 12 months after earning the Stage 1 Interest (**Stage 2 Interest**); and
- Upon Caeneus earning the Stage 2 Interest, Segue has the right for a period of 18 months to sell its 20% Joint Venture interest to Caeneus for shares in Caeneus.

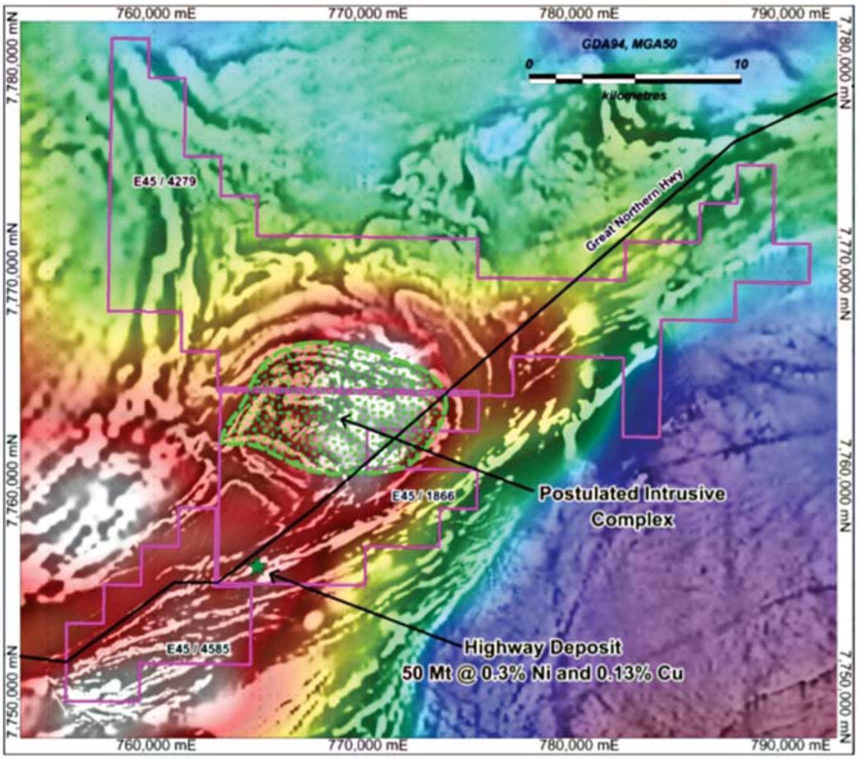


Figure 9: Pardoo Gravity – Magnetics

Caeneus has completed a low level aeromagnetic survey over the southwest portion of the Pardoo Nickel Project. The survey was flown with 50m line spacing and collected magnetic, radiometric and elevation data. The survey defined a large coincident magnetic and gravity anomaly in the north of the project area that may represent a significant layered mafic/ultramafic intrusive complex with potential for nickel-copper mineralisation (**Figure 9**). The anomaly is approximately 5km x 4km in size and shows patterns possibly indicating internal layering which heightens the intrusive complexes prospectivity for nickel-copper mineralisation.

Table 1 – Pardoo Nickel Project Inferred Resource

	Mt	Ni%	Cu%	Co%	S%
Weathered	5.5	0.25	0.18	0.03	0.10
Fresh	44.5	0.31	0.12	0.03	2.96
Total Inferred Resource	**50.0**	**0.03**	**0.13**	**0.03**	**2.65**

1. Cut-off grade for the Highway Nickel Resource is 0.1% Ni.

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Governance Arrangements and Internal Controls

The Company has ensured that the mineral resource estimates quoted above are subject to governance arrangements and internal controls. A summary of these are outlined below.

The report of mineral resources is grouped by rock-type properties and includes nickel, copper, cobalt and sulphur deposits. The mineral resources at the Pardoo Project are reported in accordance with JORC 2004 and these will be progressively updated to the JORC 2012 standard as development priorities dictate.

Audit of the estimation of mineral resources is addressed as part of the annual internal audit plan approved by the Board in its capacity as the Audit and Risk Committee. Specific audit of the mineral resources was performed in 2010 and this audit was managed by Segue and its external technical experts.

In addition to routine internal audit, the Board monitors the mineral resource status and approves the final outcome. The annual mineral resource update is a prescribed activity within the annual corporate planning calendar that includes a schedule of regular executive engagement meetings to approve assumptions and guide the overall process.

The mineral resource estimation processes followed internally are well established and are subject to systematic internal and external peer review. Independent technical reviews and audits are undertaken on an as-needs basis as a product of risk assessment.

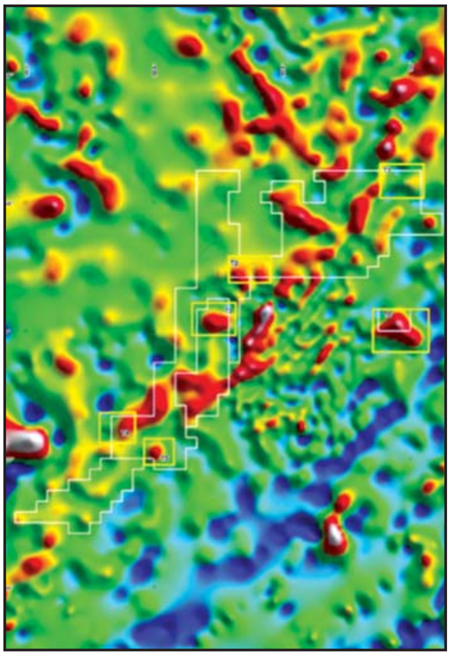
Deralinya Nickel Project – Fraser Range Province, Western Australia

(Segue 70%, Omni GeoX 30%)

During the year, Segue and its joint venture partner, Omni GeoX, completed a litho-tectonic assessment of the Deralinya Nickel Project which confirmed the area as having potential to host Ni-Cu±PGE mineralisation and has also resulted in the identification of six target areas (**Figures 10, 11**). Targets were identified using the following criteria:

- Magnetic 'bulls-eye' or magnetic low cross cutting stratigraphy;
- Association with a gravity high that cross cuts stratigraphy; and
- Proximal to regional NE and NW orientated fundamental structures.

As part of its farm-in expenditure, Omni completed a soil sampling program across the T1 and T4 target areas to test for geochemical anomalism that could be associated with potential mineralisation. The programme consisted of 308 samples collected on a 500m x 250m grid with regional traverses continuing on 250m sample spacing.



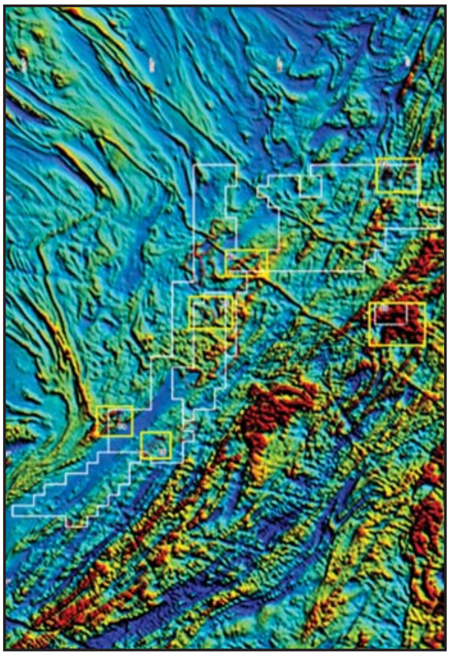


Figure 10 (left) – 1VD gravity image with target areas and Figure 11 (right) – GSWA magnetics depicting magnetic anomalies

Competent Persons Statement

The information in this report that relates to Exploration Results & Mineral Resources is based on information compiled by Mr Peter Langworthy who is a Member of The Australian Institute of Geoscientists. Mr Langworthy has more than five years' experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves". Mr Langworthy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CORPORATE

Share Purchase Plan

During the Period, Segue offered eligible shareholders the opportunity to participate in a Share Purchase Plan (**SPP**) to acquire up to $15,000 worth of fully paid ordinary shares plus a 1 for 2 attaching option without incurring brokerage or any other transaction costs. The SPP was priced at 0.3¢ per share and included a 1 for 2 attaching option exercisable at 1.0¢ per share on or before 31 July 2017.

The SPP closed on 14 August 2015 with applications for 309,476,018 shares totalling $928,428.

Employee Share Plan

During the Period, shareholders approved the issue of 67.5 million shares to Directors and employees of Segue under the Employee Share Plan (**Incentive Shares**). The Incentive Shares were issued at a price equal to a 1% discount to the 5-day VWAP of the Company's shares immediately prior to the issue of the Incentive Shares. The Incentive Shares were issued on 3 August 2015 at an issue price of 0.36¢ per Incentive Share.

The Incentive Shares remain restricted until the satisfaction of key milestones as disclosed in the Notice of General Meeting dated 29 June 2015.

Exploration Development Incentive Scheme Distribution
On 7 June 2016, Segued advised that it participated in the Federal Government's Exploration Development Incentive (**EDI**) Scheme for the 2015 income tax year. The EDI legislation is effective from 1 July 2014 and will run for three years, based on annual application. The process is administered by the Australian Taxation Office (**ATO**).

The EDI enables eligible exploration companies to create exploration credits (**EDI Credits**) by giving up a portion of its tax losses and distributing these EDI Credits to its shareholders. Australian tax resident shareholders that are issued with an EDI Credit will be entitled to a refundable tax offset (for shareholders who are individuals or superannuation funds) or franking credits (for shareholders who are companies). The Company's carry forward tax losses will be reduced by the amount of EDI Credits created.

Segue claimed EDI expenditure of $1,377,910 for the 2015 income tax year. Segue shareholders received a pro-rata distribution of $413,373 of EDI Credits, equating to 0.0143¢ per share.

Controlled Placement Agreement
On 19 August 2015, the Company advised it had entered into a Controlled Placement Agreement (**CPA**) with Acuity Capital Pty Ltd (**Acuity**) to provide Segue with up to $1 million of equity capital over 12 months. Segue entered into the CPA to complement its funding initiatives and to strengthen its overall capital management program by adding a further capital raising tool. The CPA provides Segue with the flexibility to quickly and efficiently raise capital, including the ability to take advantage of suitably attractive opportunities if they arise. Segue is under no obligation to raise capital under the CPA and there are no break fees if the CPA is not utilised.

During the period the Company raised approximately $521,000 through the CPA together with reinvestment of consultant fees through the following issues:

- On 24 December 2015 the Company raised $55,000 through the issue of 26,570,049 shares at 0.207¢;
- On 20 April 2016 the Company raised $250,000 through the issue of 100,000,000 shares at 0.25¢; and
- On 2 June 2016 the Company raised $216,000 through the issue of 80,000,000 shares at 0.27¢.

Option Fee to Next Advancements
On 1 April 2016, the Company paid $25,000 cash and issued 25,000,000 shares as an option fee to acquire Next Advancements Pty Ltd (**Next Advancements**) in addition to 27,500,000 shares issued to consultants in lieu of fees.

Share Capital
As at 30 June 2016 the Company had 2,899,070,242 ordinary shares on issue. The Company also had 238,071,398 options exercisable at 1.0¢ on or before 31 July 2017, 15,000,000 options exercisable at 1.0¢ on or before 18 February 2018 and 25,000,000 options exercisable at 0.36¢ on or before 3 August 2018 outstanding.

During the Period the Company advised that 76,500,000 options exercisable at 1.8¢ on or before 31 January 2016 had lapsed unexercised.

REVIEW AND RESULTS OF OPERATIONS

The principal activities of the Company and its subsidiaries during the year were mineral exploration. The net loss for the year ended 30 June 2016 was $794,509 (2015: ($2,438,493)).

Summary of Financial Position

At 30 June 2016 the Group's cash reserves were $685,984 (2015: $502,080). The increase in cash was due to net cash used in operating activities of ($453,550) (2015: ($835,108)), net cash used in investing activities of ($797,464) (2015: ($2,567,687)), and net cash from financing activities of $1,434,918 (2015: $3,166,190). Net assets of the Group as at 30 June 2016 were $7,054,647 (2015: $6,118,292).

Significant Changes in the State of Affairs
There were no changes in the state of affairs of the Group other than those referred to elsewhere in this report or the financial statements or notes thereto.

Significant Events after Balance Date

On 15 August 2016, Segue advised it had exercised it options to acquire Next. In consideration for exercising the option to acquire 100% of the issued capital of Next, Segue issued the shareholders of Next 100,000,000 ordinary shares.

On 5 September 2016, the Company issued 112,000,000 ordinary shares at 0.45¢ per share to raise $500,000 pursuant to the CPA.

On 19 September 2016, the Company announced it had applied for two exploration licences covering 300km^2 at the Barlee Project in the Eastern Goldfields of WA.

Other than the above and as disclosed elsewhere within this report, there were no other subsequent events after the reporting date.

Environmental Regulation

The Company is subject to and compliant with all aspects of environmental regulation of its exploration activities. The Directors are not aware of any environmental law that is not being complied with.

Future Developments

- The Group will continue to explore its Plumridge Nickel, Plumridge Gold and Gascoyne Lithium Projects in Western Australia.
- The Group will continue to review and evaluate its interest in the Deralinya and Pardoo Projects in Western Australia; and
- The Group continues to review new project venture opportunities which are consistent with its strategy to become a diversified minerals explorer.

Dividends

No dividend has been paid since the end of the financial period and no dividend is recommended for the current year.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

REMUNERATION REPORT (Audited)

Remuneration of directors and executives is referred to as compensation throughout this report. Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company including directors of the Company and other executives. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing, and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

The following were key management personnel of the Company at any time during the previous and current financial year and have been in office for the entire period unless indicated otherwise:

- Mr Steven Michael — Managing Director
- Mr Nicholas Ong — Non-Executive Director
- Dr Frazer Tabeart — Non-Executive Director
- Mr Matthew Foy — Company Secretary

Compensation levels for directors and key management personnel of the Company are competitively set to attract and retain appropriately qualified and experienced directors and executives.

The Board is responsible for compensation policies and practices. The Board, where appropriate, seeks independent advice on remuneration policies and practices, including compensation packages and terms of employment.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company.

A remuneration consultant has not been employed by the Company to provide recommendations in respect of remuneration, given the size of the Group and its current structure.

Cash bonuses equal to a maximum of 50% of salary may be paid, at the discretion of the Board, as part of the Short Term Incentive Plan.

Non-Executive Directors

Total remuneration for all Non-Executive Directors, is not to exceed $250,000 per annum as approved by shareholders. This does not include Consulting Fees.

Non-executive directors received a fixed fee for their services of $24,000 per annum (excl. GST) for services performed.

There is no direct link between remuneration paid to any Non-executive directors and corporate performance. There are no termination or retirement benefits for non-executive directors (other than statutory superannuation).

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' report and in the financial report have been rounded to the nearest dollar.

Fixed Compensation

Fixed compensation consists of base compensation and includes statutory superannuation.

Key management personnel compensation

The key management personnel compensation included employee benefit and director compensation expenses are as follows:

	2016	**2015**
	$	**$**
Short-term employee benefits	383,000	371,000
Bonuses	-	80,227
Post employment benefits	54,671	36,205
Termination benefits	-	27,173
Equity compensation benefits	151,500	210,100
	589,171	**724,705**

Remuneration

Details of the remuneration of the Key Management Personnel of Segue are set out in the following table. Currently, directors are responsible for the management of the Company.

30 June 2016	Short term benefits Salary & fees	Short term benefits Cash Bonuses	Post employment benefits[3]	Termin-ation benefits	Share based payments Equity Shares	Total	Proportion of shares
	$	$	$	$	$	$	%
Directors							
S Michael	275,000	-	48,971	-	83,431	407,402	20%
F Tabeart[5]	24,000	-	-	-	26,495	50,495	52%
N Ong[4]	24,000	-	-	-	20,787	44,787	46%
Company secretary							
M Foy[4]	60,000	-	5,700	-	20,787	86,487	24%
	383,000	**-**	**54,671**	**-**	**151,500**	**589,171**	**26%**

30 June 2015	Short term benefits Salary & fees	Short term benefits Cash Bonuses	Post employment benefits[3]	Termin-ation benefits	Share based payments Equity Shares	Total	Proportion of shares
	$	$	$	$	$	$	%
Directors							
S Michael	275,000	62,500	26,125	-	178,092	541,717	33%
F Tabeart[5]	20,000	-	-	-	-	20,000	-
N Ong[4]	23,000	2,727	-	-	16,004	41,731	38%
H Carr[2]	-	-	3,715	27,173	-	30,888	-
Company secretary							
M Foy[1,4]	53,000	15,000	6,365	-	16,004	90,369	18%
	371,000	**80,227**	**36,205**	**27,173**	**210,100**	**724,705**	**29%**

1. Resigned as director 01/09/2014, continues as Company Secretary.
2. Resigned 15/07/2014.
3. Includes Superannuation and provision for long service leave accrual.
4. Director fees for Mr Nicholas Ong were paid to Minerva Corporate Pty Ltd, a related entity.
5. Dr Frazer Tabeart's Director fees were paid directly to his related party, Geogen Consulting Pty Ltd.

Share Based Remuneration

Options

No options were granted to directors during the financial year and there were no outstanding options over ordinary shares held by directors at 30 June 2016.

Details of options over ordinary shares in the Company provided as remuneration to each director of Segue Resources Limited as at the date of this report is set out below. When exercisable, each option is convertible into one ordinary share of Segue Resources Limited.

2016	Opening balance of Options	Granted during the year	Lapsed during the Year	Closing Balance of options
Directors				
S. Michael	-	-	-	-
F. Tabeart	-	-	-	-
N. Ong	-	-	-	-
M. Foy (resigned as director 01/09/2014, continues as company secretary)	-	-	-	-

2015	Opening balance of Options	Granted during the year	Lapsed during the Year	Closing Balance of options
Directors				
S. Michael	11,800,000	-	(11,800,000)	-
F. Tabeart	-	-	-	-
N. Ong	-	-	-	-
M. Foy (resigned as director 01/09/2014, continues as company secretary)	-	-	-	-

Shares

On 17 April 2014, shareholder approval was received for the adoption of an employee incentive scheme, known as the Employee Share Plan (**ESP**).

The objective of the ESP is to attract directors with suitable qualifications, skills and experience to plan, carry out and evaluate the Company' Strategy and to motivate and retain those directors.

A material feature of the Plan is the issue of Shares pursuant to the Plan may be undertaken by way of provision of a limited-recourse, interest free loan to be used for the purposes of subscribing for the Shares. The term of each loan will be 3 years from the date of issue of the Shares, subject to earlier repayment in accordance with the terms of the Plan (e.g. ceasing to be an employee of the Company or an event of insolvency).

The Shares issued to the Eligible Participants will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, other than being subject to a holding lock until such time as the respective restriction conditions have been satisfied, including the completion of any restriction period, and any Loan has been extinguished or repaid under the terms of the Plan.

Although these are shares for legal and taxation purposes, Accounting Standards require they be treated as options for accounting purposes.

See Note 15 Share based payments for further details.

ESP Terms and Conditions

Participants in the ESP may be directors of the Company or any of its subsidiaries or any other related body corporate of the Company.

Issue price: the issue price of each Share will be a 1% discount to the volume weighted average of the Company's Shares over the 5 days of trading on the ASX immediately prior to the issue of the Plan Shares, or such other price as the Board determines

Restriction Conditions: Shares may be subject to restriction conditions relating to milestones (such as a period of employment) or escrow restrictions that must be satisfied before the Shares can be sold, transferred, or encumbered. Shares cannot be sold, transferred or encumbered until any loan in relation to the Shares has been repaid or otherwise discharged under the Plan.

Extension of Escrow Condition: If an Eligible Participant ceases to be an Eligible Participant as a result of an occurrence other than certain bad leaver occurrences prior to the satisfaction of all Restriction Conditions, the escrow restriction applied under the Escrow Condition in relation to the Plan Shares held by the Participant will be extended by 6 months.

Where a Milestone Condition in relation to Shares is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, the Company may, unless the Milestone Condition is waived by the Board, either:

(i) buy back and cancel the relevant Shares within 12 months of the date the restriction condition was not satisfied or was waived (or became incapable of satisfaction) under Part 2J.1 of the Corporations Act in consideration for the cancellation of any Loan granted;

(ii) cancel the relevant Shares within 12 months of the date the restriction condition was not satisfied or was waived (or became incapable of satisfaction) under Part 2J.1 of the Corporations Act in consideration for the cancellation of any Loan granted; or

(iii) in the event that such a buy-back or cancellation of Shares cannot occur, require the Participant to sell the Shares as soon as reasonably practicable either on the ASX and give the Company the sale proceeds (**Sale Proceeds**), which the Company will apply in the following priority:

(A) first, to pay the Company any outstanding Loan Amount (if any) in relation to the Shares and the Company's reasonable costs in selling the Shares;

(B) second, to the extent the Sale Proceeds are sufficient, to repay the Participant any cash consideration paid by the Participant or Loan Amount repayments (including any cash dividends applied to the Loan Amount) made by or on behalf of the Participant; and

(C) lastly, any remainder to the Company to cover its costs of managing the Plan.

Restriction on transfer: Other than as specified in the Plan, Participants may not sell or otherwise deal with a Share until the Loan Amount in respect of that Share has been repaid and any restriction conditions in relation to the Shares have been satisfied or waived. The Company is authorised to impose a holding lock on the Shares to implement this restriction.

On 29 July 2015, shareholder approval was received for provision of a limited-recourse, interest free loan (Loan) to each of Dr Frazer Tabeart and Messrs Steven Michael and Nicholas Ong (**Eligible Participants**) pursuant to the Plan for the purpose of each subscribing for additional shares under the Plan.

A full summary of the ESP was set out in the Notice of General Meeting dated 29 June 2015.

The Shares to be issued to each of Mr Michael, Mr Ong and Dr Tabeart will remain restricted until the later of the satisfaction of the milestones set out below:

Director:	**Steven Michael**	**Frazer Tabeart**	**Nicholas Ong**
Milestone	**No. of Shares**	**No. of Shares**	**No. of Shares**
Identification of three (3) mafic/ultramafic intrusions with a geochemical signature fertile for nickel-copper sulphides	6 million	7.5 million	1.5 million
Drill intersection of a fresh mafic intrusion hosting nickel-copper sulphides of at least 2m @ 1.5% Ni eq.	4.5 million	6.25 million	1.5 million
Multiple drill holes (≥3) hosting nickel-copper sulphides indicating the potential for economic grades and tonnages	4.5 million	6.25 million	1.5 million

Director:	Steven Michael	Frazer Tabeart	Nicholas Ong
Milestone	**No. of Shares**	**No. of Shares**	**No. of Shares**
Completion of capital raising/s or farm-in joint ventures totalling $4 million by no later than 31 December 2016	9 million	2.5 million	4.5 million
Completion of a sale or farm-out of non-core exploration assets totalling at least $1 million by 31 December 2016	6 million	2.5 million	3.5 million
TOTAL	**30 million**	**25 million**	**12.5 million**

For details of ESP shares issued in the previous financial year refer to the remuneration report of the 2015 Annual Report and the notice of general meeting dated 29 June 2015.

Share holding:
The number of ordinary shares in the Company held during the financial period by each Director of Segue Resources Limited and any other key management personnel of the Company, including their personally related parties, are set out below:

2016	Opening balance	Granted as remuneration	Options exercised	Net other change	Closing balance
	Nos.	*Nos.*	*Nos.*	*Nos.*	*Nos.*
Directors					
Mr Steven Michael	89,050,000	30,000,000	-	-	119,050,000
Dr Frazer Tabeart	-	25,000,000	-	-	25,000,000
Mr Nicholas Ong	10,250,000	12,500,000	-	-	22,750,000
Company Secretary					
Mr Matthew Foy**	8,750,000	12,500,000	-	(1,250,000)	20,000,000
	108,050,000	**80,000,000**	**-**	**(1,250,000)**	**186,800,000**

2015	Opening balance	Granted as remuneration	Options exercised	Net other change	Closing balance
	Nos.	*Nos.*	*Nos.*	*Nos.*	*Nos.*
Directors					
Mr Steven Michael	89,050,000	-	-	-	89,050,000
Dr Frazer Tabeart	-	-	-	-	-
Mr Nicholas Ong	10,250,000	-	-	-	10,250,000
Dr Howard Carr *	75,000,000	-	-	(75,000,000)	-
Company secretary					
Mr Matthew Foy**	8,750,000	-	-	-	8,750,000
	183,050,000	**-**	**-**	**(75,000,000)**	**108,050,000**

* Resigned 15/07/2014

** Resigned as director 01/09/2014, continues as company secretary

Service Agreements

As at the date of this report, the Company had service agreements with the following executives:

Steven Michael

Commenced on 5 June 2014 with no set term. If the Company wishes to terminate the contract, other than if Mr Michael commits any act of serious misconduct, the Company is obliged to give 3 months' written notice or pay out 3 months of Annual Salary and pay a termination payment equivalent of 3 months' annual salary. If Mr Michael wishes to terminate the contract he must provide 3 months' notice.

Other Financial Information

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to 30 June 2016:

	30 June 2016 $	**30 June 2015 $**	**30 June 2014 $**	**30 June 2013 $**	**30 June 2012 $**
Revenue	10,250	9,040	14,330	5,842	39,195
Net loss before tax	794,509	2,438,493	1,456,132	5,772,168	5,852,656
Net loss after tax	794,509	2,438,493	1,456,132	5,772,168	5,852,656
Share price at start of year (cents)	0.2	1.0	0.2	1.0	4.0
Share price at end of year (cents)	0.3	0.2	1.0	0.2	1.0
Basic loss per share (cents)	0.03	0.12	0.19	0.52	1.27
Diluted loss per share (cents)	0.03	0.12	0.20	0.52	1.27

Adoption of Remuneration Report by Shareholders

The adoption of the Remuneration Report for the financial year ended 30 June 2015 was put to the shareholders of the Company at the Annual General Meeting held 11 November 2015. The resolution was passed without amendment on a show of hands (99.97% of proxies voted in favour). The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Remuneration Report

Directors' Interests in the Shares and Options of the Company

As at the date of this report, the relevant direct and indirect interest of each director in the shares and options of Segue Resources Limited were:

	Ordinary shares	**Share options**
	Nos.	***Nos.***
Mr Steven Michael	119,050,000	-
Mr Nicholas Ong	22,750,000	-
Dr Frazer Tabeart	25,000,000	-

Shares under Options

As at 30 June 2016 there were no options to take up ordinary shares in the Company held by Directors (2015: nil).

No options were exercised during the 2016 financial year and no shares have been issued from the exercise of options since year-end to the date of this report. No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of any other body corporate. The names of all holders of options are entered into the Company's register, inspection of which may be made free of charge.

Meetings of Directors

The following directors' meetings (including meetings of committees of directors) were held during the year and the number of meetings attended by each of the directors during the year were:

2016	Directors' meetings eligible to attend	Directors' meetings attended	Remuneration Committee meetings eligible to attend	Remuneration Committee meetings attended	Audit & Risk Committee meetings eligible to attend	Audit & Risk Committee meetings attended
Directors						
Steven Michael	6	6	-	-	-	-
Nicholas Ong	6	6	1	1	1	1
Frazer Tabeart	6	6	1	1	1	1

Officers' Indemnities and Insurance

During the year the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors' and Officers' Liability Insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company or a related body corporate.

The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the premium paid is subject to a confidentiality clause under the insurance policy.

The Company has entered into an agreement with the Directors and certain officers to indemnify these individuals against any claims and related expenses which arise as a result of work completed in their respective capabilities.

The Company nor any of its related bodies corporate have provided any insurance for any auditor of the Company or a related body corporate.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or Group are important.

Details of the amount paid or payable to the auditor (Pitcher Partners Corporate & Audit (WA) Pty Ltd) or its associates for the audit and non-audit services provided during the year are set out in Note 3 to this report.

The Directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors which is included on page 23.

Signed in accordance with a resolution of the directors

Steven Michael

Managing Director

Perth, 29 September 2016

Corporate Governance Statement

The Board of Directors of Segue Resources Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Segue Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Segue Resources Limited's corporate governance practices were in place throughout the year ended 30 June 2016 and were compliant with the ASX Governing Council's best practice recommendations, unless otherwise stated.

Information on Corporate Governance is available on the Company's website at:
http://www.segueresources.com/index.php?id=160

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Segue Resources Ltd

In relation to the independent audit of Segue Resources Ltd and its controlled entities for the year ended 30 June 2016, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
(ii) No contraventions of any applicable code of professional conduct.

Pitcher Partners Corporate & Audit (WA) Pty Ltd

PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD

Paul Mulligan

PAUL MULLIGAN
Executive Director
Perth, 29 September 2016

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2016

	Notes	2016	2015
		$	$
Continuing Operations			
Finance income		10,250	9,040
Other income		1,000	125,948
Profit on sale of Shares		15,000	67,500
Employee benefits expenses		(501,050)	(585,488)
Occupancy costs		(39,214)	(31,895)
Impairment of exploration and evaluation assets		10,600	(1,422,529)
Exploration expenditure		(47,715)	(65,915)
Option expense		(91,257)	-
Depreciation		(8,934)	(25,167)
Share based payment expenses		(151,500)	(210,100)
Administration and other expenses		(366,428)	(404,687)
Loss before tax from continuing operations	2	**(1,169,428)**	**(2,543,293)**
Income tax benefit	3	**374,739**	**104,800**
Loss after tax from continuing operations		**(794,509)**	**(2,438,493)**
Other comprehensive income / (loss)			
Items that may be classified subsequently to profit or loss			
Movement in foreign currency translation reserve		(689)	-
Other comprehensive loss for the year		(689)	-
Total comprehensive loss for the year attributable to members of the company		**(795,198)**	**(2,438,493)**
Basic and diluted loss per share:	10	*Cents*	*Cents*
- From continuing operations		(0.03)	(0.12)
- From total operations		(0.03)	(0.12)

The above statement should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	2016 $	2015 $
ASSETS			
Current assets			
Cash and cash equivalents	4	685,984	502,080
Trade and other receivables	5	13,559	28,469
Prepayments		5,066	6,487
Total current assets		**704,609**	**537,036**
Non-current assets			
Exploration and evaluation assets	6	6,487,391	5,774,691
Property, plant and equipment		2,047	10,980
Total non-current assets		**6,489,437**	**5,785,671**
TOTAL ASSETS		**7,194,046**	**6,322,707**
LIABILITIES			
Current liabilities			
Trade and other payables	7	70,098	171,687
Leave provisions		46,455	32,728
Total current liabilities		**116,553**	**204,415**
Non-current liabilities			
Leave provisions		22,846	-
Total non-current liabilities		**22,846**	**-**
TOTAL LIABILITIES		**139,399**	**204,215**
NET ASSETS		**7,054,647**	**6,118,292**
EQUITY			
Issued capital	8	27,872,072	26,384,654
Reserves	9	897,198	653,752
Accumulated losses		(21,714,623)	(20,920,114)
TOTAL EQUITY		**7,054,647**	**6,118,292**

The above statement should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity

As at 30 June 2016

	Issued capital	Share based payment reserve	Foreign currency translation reserve	Investment reserve	Option reserve	Accum-ulated losses	Total Equity
	$	$	$	$	$	$	$
At 1 July 2014	23,209,714	920,772	(476,970)	(150)	-	(18,481,621)	5,171,745
Loss for the year 2015	-	-	-	-	-	(2,438,493)	(2,438,493)
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**(2,438,493)**	**(2,438,493)**
Issue of Shares (net of costs)	3,174,940	-	-	-	-	-	3,174,940
Share based payments	-	210,100	-	-	-	-	210,100
Total transaction with equity holders	3,174,940	210,100	-	-	-	-	3,385,040
At 30 June 2015	**26,384,654**	**1,130,872**	**(476,970)**	**(150)**	**-**	**(20,920,114)**	**6,118,292**
At 1 July 2015	26,384,654	1,130,872	(476,970)	(150)	-	(20,920,114)	6,118,292
Loss for the year 2016	-	-	-	-	-	(794,509)	(794,509)
Other comprehensive loss	-	-	689	-	-	-	689
Total comprehensive loss	**-**	**-**	**689**	**-**	**-**	**(794,509)**	**(793,820)**
Issue of Shares (net of costs)	1,487,418	-	-	-	-	-	1,487,418
Issue of Options (net of costs)	-	-	-	-	91,257	-	91,257
Share based payments	-	151,500	-	-	-	-	151,500
Total transaction with equity holders	1,487,418	151,500	-	-	91,257	-	1,730,175
At 30 June 2016	**27,872,072**	**1,282,372**	**(476,281)**	**(150)**	**91,257**	**(21,714,623)**	**7,054,647**

The above statement should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Notes	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payment to suppliers and employees		(800,324)	(1,043,001)
Interest income received		10,250	9,040
Other income		1,000	125,948
Other payments		(39,214)	(31,895)
Income tax refund		374,738	104,800
Net cash used in operating activities	4	(453,550)	(835,108)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of shares		15,000	67,500
Payment for exploration and evaluation activities		(812,464)	(2,599,040)
Payment for property, plant & equipment		-	(36,147)
Net cash used in investing activities		(797,464)	(2,567,687)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,438,918	3,166,190
Net cash from financing activities		1,434,918	3,166,190
Net increase / (decrease) in cash and cash equivalents		183,904	(236,605)
Cash and cash equivalents at the beginning of the year		502,080	738,685
Cash and cash equivalents at the end of the year	4	**685,984**	**502,080**

The above statement should be read in conjunction with the accompanying notes

1. CORPORATE INFORMATION

Segue Resources Limited (the "Company") is a limited company incorporated in Australia. The consolidated financial report of the Company for the year ended 30 June 2016 comprises the Company and its subsidiaries (together referred to as the "Group").

The financial report was authorised for issue by the directors on 29 September 2016.

The nature of the operation and principal activities of the Company are described in the attached Directors' Report.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report and by all entities in the consolidated entity.

A. Statement of Accounting Policies

These are for-profit general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

Compliance with IFRS

The consolidated financial statements of the group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of Preparation

Historical cost convention

These financial statements have been prepared on an accruals basis and are based on historical costs except where stated otherwise in the notes. Cost is based on the fair values of the consideration given in exchange for assets.

Going Concern

The financial report has been prepared on a going concern basis.

The statement of Comprehensive Income shows that the Group incurred a net loss of $794,509 during the year ended 30 June 2016 (2015: Loss of $2,438,493). The Statement of Financial Position shows that the Company had cash and cash equivalents of $685,984 (2015: $502,080).

The ability of the Group to continue as a going concern is dependent on it being able to successfully raise further debt or capital funding. The Directors are confident that the Group will be able to continue as a going concern and meet its current liabilities as and when they fall due.

B. Functional and Presentation of Currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the presentation currency of the consolidated entity.

Translation of foreign operations:

As at the reporting date the assets and liabilities of foreign operations are translated into the presentation currency at the rate of exchange ruling at the reporting date and the statement of comprehensive income, statement cash flows and statement of changes in equity are translated at the weighted average exchange rates for the year. The exchange differences arising on the retranslation are recognised in other comprehensive income and accumulated balances are carried forward as a separate component of equity. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

C. Use of Estimates and Judgements

The preparation of financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1. CORPORATE INFORMATION (continued)

Significant accounting judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(K). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the profit or loss.

Share based payments (refer Note 15)

The Group measures the cost of equity settled share based payments at fair value at the grant date using the Binomial model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(ii) Commitments - Exploration

The Group has certain minimum exploration commitments to maintain its right of tenure to exploration permits. These commitments require estimates of the cost to perform exploration work required under these permits.

(iii) Benefit from carried forward tax losses

The future recoverability of the carried forward tax losses are dependent upon Group's ability to generate taxable profits in the future in the same tax jurisdiction in which the losses arise. This is also subject to determinations and assessments made by the taxation authorities. The recognition of a deferred tax asset on carried forward tax losses (in excess of taxable temporary differences) is dependent on management's assessment of these two factors. The ultimate recoupment and the benefit of these tax losses could differ materially from management's assessment.

D. Basis of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent entity controls. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Subsidiaries are eliminated from the date on which control is established and are de-recognised from the date that control ceases.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1. CORPORATE INFORMATION (continued)

E. Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

- Interest income is recognised as it accrues using the effective interest method.

F. Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

G. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

H. Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the profit or loss.

I. Investments and Other Financial Assets

The consolidated entity determines the classification of its financial instruments at initial recognition.

Fair value is the measurement basis, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost using the effective rate method. Changes in fair value are either taken to the profit or loss or to an equity reserve.

1. CORPORATE INFORMATION (continued)

Fair value is determined based on current bid prices for all quoted investments. If there is not an active market for a financial asset fair value is measured using established valuation techniques.

The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets are impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists the cumulative loss is removed from equity and recognised in the profit or loss.

J. Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent Costs

The Company recognises in the carrying amount of an item of Property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

Depreciation

Depreciation is charged to the profit or loss on a straight-line or diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

Plant and equipment	over 3 to 10 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

De-recognition

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period the item is derecognised.

K. Exploration and Evaluation Expenditure

Exploration and evaluation expenditure, including the costs of acquiring the licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the profit or loss.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

1. the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or
2. activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

1. CORPORATE INFORMATION (continued)

L. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

M. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

N. Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

O. Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivable and payable are stated with the amount of GST included.

The amount of GST recoverable from the taxation authority is included as part of the receivables in the Statement of financial position. The amount of GST payable to the taxation authority is included as part of the payables in the Statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

P. Share based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value of shares are measured by reference to the quoted market price. Fair value of options are measured by use of valuation techniques. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

Q. Earnings per Share

Basic Earnings per Share – is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

1. CORPORATE INFORMATION (continued)

Diluted Earnings per Share – adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

R. Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

S. New standards and Interpretations

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Adoption of these standards has had no impact on the Group's Financial Statements:

New Standards and Interpretations Not Yet Adopted

Pronouncement	Nature of Change	Effective Date
AASB 9 Financial Instruments	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.	1 January 2018
AASB 15 Revenue from Contracts with Customers	AASB 15: - replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: - establishes a new revenue recognition model - changes the basis for deciding whether revenue is to be recognised over time or at a point in time - provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing) - expands and improves disclosures about revenue	1 January 2018
AASB 16 Leases	Replaces AASB 117 Leases and introduces a single lessee accounting method that will require a lessee to recognise a 'right-of-use' asset and lease liability for all leases with a term of 12 months or more	1 January 2019

The above new standards and interpretations are not expected to have a material impact on the Group's financial statements.

2 REVENUE AND EXPENSES	2016	2015
	$	$
Loss from continuing operations includes:		
Depreciation expense	8,934	25,167
Employee benefits expense includes:		
Employee benefits, including directors fees	501,050	585,488
Share based payments	151,500	210,100
	652,550	**795,588**
Auditors' remuneration - for audit or review of financial report		
Pitcher Partners Corporate & Audit (WA) Pty Ltd, Australia	25,000	30,800
Auditors' remuneration - for other services		
Pitcher Partners (WA) Pty Ltd - Taxation	18,210	21,126

3 INCOME TAX

(a) The major components of income tax expense / (benefit) comprise of:

Current tax benefit	-	-
Deferred tax benefit	-	-
	-	-

(b) Reconciliation of prima facie tax on continuing operations to income tax benefit:

Profit / (loss) before tax for the year	(794,509)	(2,543,293)
Tax benefit @ 30% tax rate (Australia)	(238,353)	(762,988)
Adjustments for:		
Entertainment	315	-
Capital gain on tenement sale	(4,500)	-
Share based payments	72,827	-
R&D tax incentive classified as income	(112,421)	(58,021)
Edurus write off	3,180	-
Non-deductible expenses	278,952	63,304
Unrecognised DTA on tax losses	-	757,705
Tax benefit recognised in profit or loss	-	-

3 INCOME TAX (continued)	2016	2015
	$	$
(c) Components of deferred taxes		
Deferred tax asset:		
Tax losses	7,736,162	7,507,196
Provisions & Accruals	29,040	11,878
Capital & Borrowing costs	47,363	62,880
Offset against deferred tax liability / not recognised	(7,812,565)	(7,581,954)
Deferred tax liability:		
Investments	(1,527,293)	(1,185,537)
Offset against deferred tax assets / not recognised	1,527,293	1,185,537
Net deferred tax asset / (liability)	-	-
	7,812,565	**7,581,954**

(d) Deferred tax assets / liabilities not brought to account

	2016	2015
Temporary differences	(1,450,939)	(1,110,859)
Operating tax losses	7,729,801	7,507,196
Capital losses	619,269	-
	6,898,131	**6,396,337**

The tax benefits of the above deferred tax assets will only be obtained if:

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the company continues to comply with the conditions for deductibility imposed by law; and
- no changes in income tax legislation adversely affect the company in utilising the benefits.

(e) Tax consolidation

For the purposes of income tax legislation, the Company and its 100% controlled Australian entity have elected to form a tax consolidated group.

4 CASH AND CASH EQUIVALENTS	2016 $	2015 $
Cash at bank and on hand	670,984	487,080
Deposits at call	15,000	15,000
	685,984	**502,080**

Reconciliation of loss for the year to operating cash flows		
Loss for the year	(794,509)	(2,438,493)
Adjustments for non-cash items:		
Impairment of assets	(10,600)	1,422,529
Share based payment expenses	151,500	210,100
Option expense	91,257	-
Depreciation expense	8,934	25,167
Net foreign exchange movements	689	-
Movement in working capital items:		
(Increase) / decrease in trade and other receivables	14,910	(5,543)
(Increase) / decrease in prepayments	1,423	564
Increase / (decrease) in trade and other payables	82,846	(49,432)
Net cash used in operating activities	**(453,550)**	**(835,108)**

5 TRADE AND OTHER RECEIVABLES		
Bond	2,825	2,825
GST receivable	10,734	25,644
	13,559	**28,469**

6 EXPLORATION AND EVALUATION ASSETS		
Balance at the beginning of the year	5,774,691	4,806,558
Expenditure incurred during the year	712,700	2,210,662
Impairment recognised during the year	-	(1,422,529)
Balance at the end of the year	**6,487,391**	**5,774,691**

The asset balance comprise of:		
Plumridge Project	4,877,508	5,349,691
Deralinya Project	363,405	300,000
Gascoyne project	250,282	-
Salt Creek project	868,465	-
Pardoo Project, Western Australia	127,731	125,000
	6,487,391	**5,774,691**

6 EXPLORATION AND EVALUATION ASSETS (continued)	2016	2015
	$	$
Impairment expense relates to:		
Pardoo Project, Western Australia	-	379,037
Deralinya Project	-	1,043,492
	-	**1,422,529**

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation

7 TRADE AND OTHER PAYABLES	2016	2015
	$	$
Trade creditors and accruals	70,098	171,687
	70,098	**171,687**

Trade creditors are generally settled on 30 to 90 day terms

8 ISSUED CAPITAL		
Ordinary shares full paid	27,872,072	26,384,654

(a) Movement in ordinary share capital

	Nos.	*$*
Balance at 1 July 2015	**2,250,524,175**	**$26,384,654**
3 August 2015 – Shares issued under the Employee Share Plan	80,000,000	-
20 August 2015 – Share Purchase Plan	309,476,018	$928,428
24 December 2015 – Acuity Placement	26,570,049	$55,000
1 April 2016 – Consideration for Option over Gascoyne Lithium tenements	25,000,000	$25,000
1 April 2016 – Shares issued in lieu of technical and marketing fees	27,500,000	$27,500
22 April 2016 – Acuity Placement	100,000,000	$250,000
2 June 2016 – Acuity Placement	80,000,000	$216,000
Costs of issue	-	($14,510)
Balance at 30 June 2016	**2,899,070,242**	**$27,872,072**

Terms and conditions of ordinary shares

Ordinary shares have the right to receive dividends as declared, and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid upon shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

8 ISSUED CAPITAL (continued)

(b) Unexpired share options

The following options over ordinary shares of the Company existed at reporting date:

Expiry date	*Nos.*	*Exercise price $*
31/07/2017	238,071,398	0.01
18/02/2018	15,000,000	0.01
03/08/2018	25,000,000	0.0036
	278,071,398	

These options are unlisted.

9 RESERVES	**2016**	**2015**
	$	**$**
Option reserve - (i)	1,373,629	1,130,872
Foreign currency translation reserve - (ii)	(476,281)	(476,970)
Investment reserve - (iii)	(150)	(150)
	897,198	**653,752**

(i) The option reserve relates to shares & options granted by the Company to its employees and suppliers.

(ii) Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.

(iii) The investment reserve represents fair value gains / (losses) on available for sale investments recognised in equity.

10 LOSS PER SHARE

The following data reflect the income and share numbers used in calculation of the basic and diluted loss per share:

	Unit	**2016**	**2015**
Weighted average number of shares	*Nos.*	2,651,209,408	2,006,508,752
Loss from continuing operations	$	(794,509)	(2,438,493)
Loss from total operations	$	(794,509)	(2,438,493)
Basic and diluted loss per share:			
- From continuing operations	Cents	(0.03)	(0.12)
- From total operations	Cents	(0.03)	(0.12)
Anti-dilutive equity instruments not considered in diluted loss per share	*Nos.*	278,071,398	91,500,000

The Company's options over ordinary shares could potentially dilute basic earnings per share in the future, however they have been excluded from the calculation of diluted earnings per share because they are anti dilutive for both of the years presented.

11 CONTINGENT ASSETS AND LIABILITIES

The Group had no contingent assets or liabilities at reporting date or in subsequent periods.

12 SUBSEQUENT EVENTS

On 15 August 2016, the Company announced it had exercised its option to acquire Next Advancements Pty Ltd (Next), which has a 100% interest in three exploration licence applications covering approximately 220km^2 at Morrissey Hill in the Gascoyne region of Western Australia. The Company entered into the option and acquisition agreement with Next in March 2016. The Company issued 100 million shares for the acquisition of Next.

Subsequent to the period on 5 September 2016 the Company issued 112,000,000 ordinary shares at 0.45¢ per share to raise $500,000 pursuant to the CPA.

On 19 September 2016, the Company announced it had applied for two exploration licences covering 300km^2 at the Barlee Project in the Eastern Goldfields of WA.

Other than the above, there were no other subsequent events after the reporting date.

13 COMMITMENTS

Exploration & evaluation commitments

The Group has certain minimum obligations in pursuance of the terms and conditions of tenement licences in the forthcoming year. Whilst these obligations are capable of being varied from time to time, in order to maintain current rights of tenure to mining tenements, the Group will be required to outlay $1,314,500 in 2016/17. ($2,093,000 in 2015/16). Exploration commitments include requirements under joint ventures for tenements held by other entities.

Leasing commitments

The Company's lease for office accommodation expired at the end of August 2016 and the Company has entered into a new 2 year lease at an annual cost of $25,200.

The expenditure commitment for the Group for later than 2 years but not later than 5 years is uncertain as the tenements require re-application prior to this date of which the outcome is not certain.

	2016	**2015**
	$	**$**
Up to 1 year	2,022,500	2,127,284
Between 1 and 5 years	-	5,650
Later than 5 years	-	-
	2,022,500	**2,132,934**

14 RELATED PARTY & KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Parent and subsidiaries

The parent entity and the ultimate parent entity of the Group is Segue Resources Limited, a company listed on the Australian Securities Exchange.

The components of the Group are:

		Extent of control	
	Incorporation	**2016**	**2015**
Parent			
Segue Resources Limited	Australia	-	-
Controlled entities			
Segue (Pardoo) Limited	Australia	100%	100%
Edurus Resources SA	South Africa	100%	100%
Segue (Deralinya) Pty Ltd	Australia	100%	100%
Segue (Salt Creek) Pty Ltd	Australia	100%	100%
Segue (Plumridge) Pty Ltd	Australia	100%	100%
Segue (Gascoyne) Pty Ltd	Australia	100%	-

(b) Key management personnel disclosures

Information regarding key management personnel has been provided in the Remuneration Report.

(c) Transaction with key management personnel

The Company entered into a service agreement with Minerva Corporate Pty Ltd effective 2 April 2014 for the provision of Directorial and Company Secretarial services for approximately $19,800 per quarter (inclusive of GST). Messrs Ong & Foy are related parties of Minerva Corporate Pty Ltd and Segue Resources Ltd.

This service agreement was amended in August 2014 to exclude Company Secretarial services.

During the year an amount of $26,400 (2015: $31,655) inclusive of GST was paid or payable in relation to these services. There is an amount of $2,200 included in trade creditors on account of these services (2015: $34,182).

All of the Director fees for Mr Ong was remitted to Minerva Corporate Pty Ltd during the current and prior year.

Dr Tabeart's remuneration for the year was paid directly to his related party, Geogen Consulting Pty Ltd.

15 SHARE BASED PAYMENTS

Share based payments are provided to directors, consultants and other advisors.

The issue to each individual director, consultant or advisor is controlled by the Board and the ASX Listing Rules. Terms and conditions of the payments, including the grant date, vesting date, exercise price and expiry date are determined by the Board, subject to shareholder approval where required.

The following share-based payments were made during the financial year.

Beneficiary	Expense	Shares	Options	Value
		Nos.	*Nos.*	*$*
2016				
Omni GeoX Pty Ltd	Consulting services	-	25,000,000	$91,257
Next Advancements Pty Ltd	Acquisition of 100% option over Gascoyne Lithium tenements	25,000,000	-	$25,000
Stocks Digital	Shares in lieu of marketing fees	10,000,000	-	$10,000
Milford Resources Pty Ltd	Shares in lieu of technical fees	17,500,000	-	$17,500
		52,500,000	**25,000,000**	**$143,757**
2015				
Omni GeoX Pty Ltd	Consulting services	2,000,000	-	$11,312
International Goldfields Limited	Deed of Termination & Release for Royalty Commitment	3,750,000	-	$11,250
		5,750,000		**$22,582**

Valuation

Shareholder approval was received on 29 July 2015 for the issue of 80 million shares to directors and KMP.

The issue of Shares pursuant to the Plan may be undertaken by way of provision of a limited-recourse, interest free loan to be used for the purposes of subscribing for the Shares.

The Shares issued to the Eligible Participants will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, other than being subject to a holding lock until such time as the respective restriction conditions have been satisfied, including the completion of any restriction period, and any Loan has been extinguished or repaid under the terms of the Plan.

Although these are shares for legal and taxation purposes, Accounting Standards require they be treated as options for accounting purposes.

15 SHARE BASED PAYMENTS (continued)

The 2016 shares have been valued applying a Binomial model.

2016	
Number of shares	80,000,000
Grant date	29 July 2015
Dividend yield (%)	0.00%
Expected volatility (%)	193%
Risk-free interest rate (%)	1.95%
Vesting date	Various
Expected life (years)	3.0
Share price ($)	0.04
Share price at grant date ($)	0.04
Valuation of shares – Milestones 1-3 (¢)	0.36 (44m)
Valuation of shares – Milestones 4 & 5 (¢)	0.30 (36m)

Refer to the remuneration Report for full details of vesting periods and restrictive conditions to be achieved.

16 OPERATING SEGMENTS

The Company operates in one operating and geographic segment being mineral exploration, and evaluation in Western Australia for the year ended 30 June 2016.

17 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from their use of financial instruments:
- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from receivables from customers and cash and cash equivalents.

All cash balances are held with recognised institutions limiting the exposure to credit risk. There are no formal credit approval processes in place.

17 FINANCIAL RISK MANAGEMENT (continued)

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	2016 $	2015 $
Cash and cash equivalents	685,984	502,080
Trade and other receivables	13,559	28,469
	699,543	**530,549**

Financial assets are neither past due nor impaired.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations.

The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place.

The maturity profile of Group's financial assets and liabilities are:

2016	Carrying amount $	Up to 6 months $
Cash and cash equivalents	685,984	685,984
Trade and other receivables	13,559	13,559
Trade, other payables & provisions	(139,400)	(116,554)
	560,143	**582,989**

2015	Carrying amount $	Up to 6 months $
Cash and cash equivalents	502,080	502,080
Trade and other receivables	28,469	28,469
Trade, other payables & provisions	(204,415)	(204,415)
	326,134	**326,134**

The maturity profile disclosed are the contractual undiscounted cash flows.

17 FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings of financial instruments.

Foreign currency risk:

The Group is exposed to foreign exchange risk through its operations in South Africa. However, the financial instruments are held by the parent entity in Australia. Hence the foreign currency risk exposure at the reporting date is minimal.

Interest rate risk

The Group holds the majority of its cash and cash equivalents within a current account attracting an interest rate of 2.00% pa.

The Group's sensitivity to movement in interest rates is shown in the summarised sensitivity analysis table below.

30 June 2016		**Interest rate risk**			
		+100 bps		**-100 bps**	
	Carrying amount	**Profit**	**Equity**	**Profit**	**Equity**
Cash and cash equivalents	685,984	102	(102)	(102)	102

30 June 2015		**Interest rate risk**			
		+100 bps		**-100 bps**	
	Carrying amount	**Profit**	**Equity**	**Profit**	**Equity**
Cash and cash equivalents	502,080	970	(970)	(970)	970

Commodity price risk:

The Group is still under exploration stage and does not have exposure to commodity prices.

(d) Fair value of financial instruments

The fair value of Group's financial instruments at reporting date are:

	2016		**2015**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$	**$**	**$**	**$**
Cash and cash equivalents	685,984	685,984	502,080	502,080
Trade and other receivables	13,559	13,559	28,469	28,469
Trade, other payables & provisions	(139,400)	(139,400)	(204,415)	(204,415)
	560,143	**560,143**	**326,134**	**326,134**

The directors consider the carrying amount of the financial instruments to be a reasonable approximation of their fair value on account of the short maturity cycle.

(e) Capital management policy

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Group defines capital as cash and cash equivalents plus equity. The Board of Directors monitors capital on an ad-hoc basis. No formal targets are in place for return on capital, or gearing ratios as the Group has not derived any income from their mineral exploration.

18 PARENT ENTITY INFORMATION

	2016	2015
	$	$
(a) Financial position		
ASSETS		
Current assets	704,608	536,490
Non-current assets	6,478,009	5,782,567
TOTAL ASSETS	**7,182,617**	**6,319,057**
LIABILITIES		
Current liabilities	139,400	207,661
TOTAL LIABILITIES	**139,400**	**207,661**
NET ASSETS	**7,043,218**	**6,111,396**
EQUITY		
Issued capital	27,872,072	26,384,654
Reserves	1,373,479	1,130,722
Accumulated losses	(22,202,333)	(21,403,980)
TOTAL EQUITY	**7,043,218**	**6,111,396**

(b) Financial performance

	2016	2015
	$	$
Loss for the year	798,353	1,365,484
Other comprehensive income for the year	-	-
	798,353	**1,365,484**

(c) Commitments

The Company entered into a service agreement with Minerva Corporate Pty Ltd effective 2 April 2014 for the provision of Directorial services for approximately $19,800 per quarter (inclusive of GST). Mr Ong is a related party of Minerva Corporate Pty Ltd.

This service agreement was amended in August 2014 to exclude Company Secretarial services.

During the year an amount of $26,400 (2015:$34,820) inclusive of GST was paid or payable in relation to these services. $2,200 (2015: $2,200) is included in trade creditors on account of these services.

(d) Contingencies

The Company has no contingent assets or liabilities at the reporting date.

Directors' Declaration

In accordance with a resolution of the Board of Directors, I state that:

In the opinion of the Directors:

1. The consolidated financial statements and accompanying notes set pout on pages 24 to 45 are in accordance with the Corporations Act 2001, including:
   a. giving a true and fair view of the Consolidated Entity's financial position at 30 June 2016 and of their performance for the year ended on that date: and
   b. complying with Accounting Standards and Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
3. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.
4. The consolidated financial statements and notes are also in compliance with International Financial Reporting Standards as disclosed in Note 1 (a).

On behalf of the Board

Steven Michael
Managing Director

Perth, 29 September 2016

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SEGUE RESOURCES LTD

Report on the Financial Report

We have audited the accompanying financial report of Segue Resources Ltd and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1 (A), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements comply with *International Financial Reporting Standards.*

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PITCHER PARTNERS

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SEGUE RESOURCES LTD

Opinion

In our opinion:

(a) the consolidated financial report of Segue Resources Ltd is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1 (A).

Emphasis of Matter

Without further modifying our opinion, we draw attention to Note 1 (A) to the consolidated financial report which indicates that the consolidated entity incurred a net loss of $794,509 during the year ended 30 June 2016, and as of that date, the consolidated entity net current assets of $588,055. These conditions, along with other matters as set forth in Note 1 (A), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 20 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Segue Resources Ltd for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

Pitcher Partners Corporate & Audit (WA) Pty Ltd

PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD

Paul Mulligan

PAUL MULLIGAN
Executive Director
Perth, 29 September 2016

Shareholders Information

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

Information as at 16 September 2016.

1. Shares on Issue

Total number of issued fully paid ordinary shares was 3,111,070,242.

2. Distribution of Holders

	Number of Holders Shares	Percentage of Issued Capital
1 - 1,000	161	0.00%
1,001 - 5,000	16	0.00%
5,001 - 10,000	13	0.00%
10,001 - 100,000	639	1.38%
> 100,000	2,609	98.62%
Total	**3,438**	**100.00%**

3. Unmarketable Parcels

The number of holders of less than a marketable parcel of fully paid shares is 921.

4. Substantial Shareholders (i.e. shareholders who hold 5% or more of the issued capital);

Name	Number of Shares Held	Percentage Held
N&J Mitchell Holdings Pty Ltd	166,000,000	5.73%

5. Top 20 Shareholders – Ordinary Shares

Rank	Name	Units	% of Units
1	STEVEN MICHAEL	119,050,000	3.83%
2	ASCENT CAPITAL HOLDINGS PTY LTD	100,000,000	3.21%
3	MIMO STRATEGIES PTY LTD <MIMO A/C>	69,867,803	2.25%
4	DR HOWARD CARR	50,000,000	1.61%
5	CROESUS MINING PTY LTD <STEINEPREIS SUPER FUND A/C>	50,000,000	1.61%
6	MR LEBRECHT SELKE + MRS JANINE SELKE	48,800,266	1.57%
7	HAMPSHIRE AUTOMOTIVE CENTRE PTY LTD	46,166,666	1.48%
8	CASTLE BAILEY PTY LTD & MOTTE & BAILEY PTY LTD	26,630,084	0.86%
9	PROMETHEUS CORPORATION PTY LTD <PAY IT FORWARD FOUNDATION>	25,000,000	0.80%
10	CHARLES FRAZER TABEART	25,000,000	0.80%
11	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	24,272,046	0.78%
12	MRS NICOLA ELISE KIRK	21,718,147	0.70%
13	MR ADRIAN BLACK	21,718,147	0.70%
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	20,073,166	0.65%
15	MS TOW LOY SUN <QUPIT FAMILY A/C>	20,000,000	0.64%
16	MR MATTHEW FOY	20,000,000	0.64%
17	MR PAUL MALCOLM KOSHY	17,833,333	0.57%
18	OMNI GEOX PTY LTD	17,830,894	0.57%
19	CITICORP NOMINEES PTY LIMITED	17,283,744	0.56%
20	MS R L HERIDAN	15,900,793	0.51%
Totals: Top 20 holders of SEG ORDINARY FULLY PAID		**772,726,904**	**24.84%**
Total Remaining Holders Balance		**2,338,343,338**	**75.16%**
Total Holders Balance		**3,111,070,242**	**100.00%**

6. Restricted Securities

There are no restricted securities currently on issue.

7. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary Shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

There are no voting rights attached to any class of options that is on issue.

8. On-market Buy-Back

Currently there is no on-market buy-back of the Company's securities.

9. Company Secretary

The name of the Company Secretary is Matthew Foy.

10. Registered Address

The address of the principal registered office is Unit 16, 40 St Quentin Avenue, Claremont WA 6010. Telephone (08) 9383 3330.

11. Registers

The registers of securities are held at the following address:

Advanced Share Registry

150 Stirling Highway

Nedlands WA 6009

12. Unquoted Securities

As at 5 September 2016 the following options over un-issued shares were on issue:

238,071,398 options exercisable at $0.01 on or before 31 July 2017.

15,000,000 options exercisable at 1 cent on or before 18 February 2018.

25,000,000 options exercisable at $0.0036 on or before 3 August 2018.

13. Unquoted Equity Security Holders with Greater than 20% of an Individual Class

As at 16 September 2016 the following class of unquoted securities had holders with greater than 20% of the class on issue.

Unquoted Options exercisable at $0.01 on or before 18 February 2018

Percentage Held %	Name	Number of Securities held
100%	6466 Investments Pty Ltd	15,000,000

Unquoted Options exercisable at $0.0036 on or before 3 August 2018

Percentage Held %	Name	Number of Securities held
100%	Omni GeoX Pty Ltd	25,000,000

14. Tenement Schedule as at 16 September 2016

Tenement	Holder	Interest	Granted	Expiry
E28/1475	Segue (Plumridge) Pty Ltd	100%	17/11/2004	16/11/2016
E39/1084	Segue (Plumridge) Pty Ltd	100%	11/01/2006	10/01/2017
E39/1117	Segue (Plumridge) Pty Ltd	100%	25/11/2005	24/11/2016
E39/1118	Segue (Plumridge) Pty Ltd	100%	11/01/2006	10/01/2017
E39/1830	Segue (Plumridge) Pty Ltd	100%	19/03/2016	18/03/2020
E28/2267	Segue (Plumridge) Pty Ltd	100%	23/04/2013	22/04/2018
E39/1710	Segue (Plumridge) Pty Ltd	100%	9/04/2013	8/04/2018
E28/2266	Segue (Plumridge) Pty Ltd	100%	25/07/2013	24/07/2018
E39/1709	Segue (Plumridge) Pty Ltd	100%	30/05/2015	29/05/2019
E39/1731	Segue (Plumridge) Pty Ltd	100%	24/09/2013	23/09/2018
E28/2317	Segue (Plumridge) Pty Ltd	100%	22/01/2015	21/01/2019
E63/1522	Segue (Deralinya) Pty Ltd	100%	28/06/2012	27/06/2017
E63/1524	Segue (Deralinya) Pty Ltd	100%	28/06/2012	27/06/2017
E63/1736	Segue (Deralinya) Pty Ltd	100%	9/11/2015	8/11/2020
E45/1866	Segue (Pardoo) Limited	49%	9/02/2004	8/02/2017
E45/4279	Segue (Pardoo) Limited	49%	3/12/2015	2/12/2019
E09/1618	Zeus Resources Ltd	35%	16/05/2011	15/05/2017

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